

Message Text

PAGE 01 STATE 144988

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

USSAG

CINPAC

USCG

TREAS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

XMT AMEMBASSY SUVA

UNCLAS STATE 144988

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: JULY 3 EA PRESS SUMMARY

INDOCHINA

1. ABOUT 200 VN VETS OF VVAW PROTEST IN DC, DEMAND
(INTER ALIA) END TO ALL US AID TO SVN AND CAMBODIA
(AP, NYT).

2. FINNEY (NYT) QUOTES PENTAGON OFFICIALS THAT CONGRESSIONAL
CUTS IN ADMIN REQUEST FOR 1.6 BILLION DOLS IN MIL AID
TO SVN FOR FY 75 WILL LIMIT ASSISTANCE LARGELY TO AMMO,
POL AND SPARE PARTS, AND THAT DOS AND DOD ARE DISCUSSING
CURTAILMENT WITH EMBASSY SAIGON. STATES THAT AS YET
UNCLASSIFIED

PAGE 02 STATE 144988

UNANNOUNCED CEILING OF ONE BILLION HAS BEEN SET BY
HOUSE-SENATE CONFERENCE COMMITTEE; CITES CONGRESSIONAL
SOURCES THAT HOUSE APPROPRIATIONS COMMITTEE WILL SET
LEVEL AT 900 MILLION IN DEFENSE APPROPRIATION BILL.

PENTAGON OFFICIALS SAY LOWER FIGURE WOULD JUST ABOUT MEET SVN NEED FOR AMMO, POL AND PARTS, BUT NOT ONE-FOR-ONE REPLACEMENT; POINT OUT THAT AT CURRENT LEVEL OF MIL ACTIVITY DOD BUDGETS 500 MILLION FOR AMMO ALONE. ANTICIPATED CUTS WILL LEAVE LITTLE FOR NEW EQUIPMENT SUCH AS WEAPONS, TANKS, APCS AND PLANES. OFFICIALS SAY THAT ONE POSSIBILITY IS TO SCRAP OR DEFER PLANS TO PROVIDE 128 F-5E FIGHTERS AT COST OF ABOUT 200

MILLION; THIS WOULD "PUSH ASIDE" CONTROVERSY OVER WHETHER US IS COMPLYING WITH C-F IN REPLACING F-5AS WITH HOTTER F-5ES.

3. MIL SOURCES SAY SVN FORCES SUFFER HEAVY CASUALTIES IN DRIVE TO WITHIN 200 YDS OF COMMUNIST LINES IN BEN CAT AREA ABOUT 25 MILES NORTH OF SAIGON. ADVANCE HELD UP BY ROWS OF "PAWNS" - SINGLE COMMUNIST SOLDIERS ARMED WITH ANTITANK ROCKETS AND MACHINE GUNS, DUG INTO FORTIFIED BUNKERS (S-N, NYPOST 7/2).

4. FOLLOWING CABINET MEETING TO DISCUSS ECON, FINANCIAL AND SOCIAL DIFFICULTIES, GVN ANNOUNCES NEW LIST OF BELT-TIGHTENING MEASURES. IMPORTS OF SOME 100 LUXURY ITEMS PREVIOUSLY LIMITED ARE NOW BANNED, INCLUDING ALCOHOLIC DRINKS, CIGARETTES, FRUIT, SUGAR, COSMETICS, AIR CONDITIONERS, REFRIGERATORS, AND MINK COATS. OBSERVERS SAY MEASURES REPRESENT COMPROMISE BETWEEN GVN DESIRE TO MAINTAIN FREE ECONOMY AND ECON ADVISERS WHO URGE STATE CONTROLS. PAY INCREASES FOR CIVIL AND MIL SERVICES ALSO ANNOUNCED, WITH LEVEL TO BE FIXED LATER (AFP, WP).

5. MCCOMBS (WP) FROM SAIGON DESCRIBES VIET-AMERICAN ASSOCIATION, SUPPORTED BY USIS, THAT HAS OVER 20,000 MOSTLY STUDENTS ON "CAMPUS" NEAR US EMBASSY AND HAS EXHIBITS, LECTURES, AND COURSES RANGING FROM ELEMENTARY ENGLISH TO ADVANCED LITERATURE AND UNCLASSIFIED

PAGE 03 STATE 144988

US HISTORY. TELLS OF RECENT ASTROLOGY LECTURE BY US PROFESSOR THAT WAS ATTENDED BY ONE OF THIEU'S THREE ASTROLOGERS, WHO CAME UANNOUNCED AND LEFT QUIETLY. SAYS THIEU IS KNOWN TO MAKE "SCARCELY A MOVE" WITHOUT CONSULTING ASTROLOGERS; IN THIS HE RESEMBLES MOST MONARCHS AND LEADERS IN THIS PART OF WORLD.

6. GKR HIGH COMMAND REPORTS INSURGENTS SHELL PP AND KOMPONG SOM DURING NIGHT. NO CASUALTIES REPORTED IN CAPITAL, HIT BY TWENTY ROUNDS, BUT TWO SOLDIERS KILLED AT KOMPONG SOM AIRPORT (REUTER PP).

7. CHITRIB'S KIRK IN PP DESCRIBES ODD ASSORTMENT OF AIRCRAFT THAT FLY FOOD INTO CAPITAL, THE MEN SH T FLY THEM, AND THEIR PROBLEMS: "IF BRIBERY DOESN'T GET 'EM, THE 'FRIENDLY' GUNNERS MIGHT." BRIBES MUST BE PAID TO GET TAKEOFF CLEARANCES, EVEN TO CARRY RICE FOR HUNGRY PEOPLE, ACCORDING TO ONE FLYER. SOME PLANES BELONG IN SMITHSONIAN, IN OPINION OF KIRK AND ONE PILOT WHO FLYS A RELIC INTO BESIEGED

TAKEO EVERY DAY. ONE OLD BOEING PRECURSOR OF THE B-17 PILED UP TAKING OFF FROM BATTAMBANG ON JUNE 27 WHEN THREE OF ITS FOUR ENGINES FAILED, KILLING 18. MANY PILOTS PREVIOUSLY WORKED IN INDOCHINA FOR AIR AMERICA OR CONTINENTAL AIR SERVICES AND NOW FLY SEVERAL TIMES A DAY INTO SURROUNDED TOWNS AND ENCLAVES WHERE MECHANICAL PROBLEMS, CORRUPTION AND "FRIENDLY" AA FIRE CAUSE MORE WORRIES THAN THE ENEMY. ONE PILOT CHARACTERIZES OPERATIONS AS MORE "SLOVENLY" THAN DANGEROUS, POINTS OUT THAT PLANES AREN'T SERVICED DURING NIGHT AS IS USUAL ELSEWHERE AND CAN'T BE WORKED ON BETWEEN FLIGHTS. BRIBERY IS RAMPANT AND INTER-MINISTERIAL BICKERING CLOSED AIRPORTS FOR TWO WEEKS RECENTLY. AMEMBASSY SUPPLIES GASOLINE BUT REQUIRES STRICT ACCOUNTING BECAUSE OF EARLIER THEFT. AMERICAN PILOTS COMPLAIN ABOUT WORK CONDITIONS. PLANES HIT BY GUNFIRE OCCASIONALLY, BUT NONE SHOT DOWN SO FAR, AND PILOTS CONCEDE THAT THEY ARE ASKED TO CARRY MIL MATERIAL ONLY IN CRITICAL SITUATIONS. UNCLASSIFIED

PAGE 04 STATE 144988

8. AIR AMERICA OFFICIALLY CLOSES UP AFTER TWELVE YEARS OF OPERATIONS IN THAILAND (S-N 7/2; AP, NYDN).

CHINA

9. GLOBE AND MAIL'S BURNS, IN PEKING, FEELS SEN. JACKSON BEGAN TALKS "ON AN AUSPICIOUS NOTE FOR FUTURE PROGRESS IN US-CHINA RELATIONS." DESCRIBES PRC MFA OFFICIALS "LISTENING CLOSELY" AS SENATOR OUTLINED PURPOSES OF TRIP AT PEKING AIRPORT, HIS SUBSEQUENT MEETING WITH CHIAO KUAN-HUA, AND LIKELIHOOD THAT HE WILL-CONFER WITH CHOU. VISIT WILL NOT ONLY GIVE CHINESE OPPORTUNITY TO ASSESS MAN CONSIDERED A LEADING CONTENDER FOR US PRESIDENCY IN 1976, BUT ALSO MAY FURNISH SOME INDICATION OF CURRENT STATE OF SINO-US RELATIONS.

BURNS SUGGESTS THAT IF PRC HAS FAVORITE FOR SUCCESSION, IT MAY WELL BE JACKSON -- BEST KNOWN IN CHINA FOR HIS RESERVATIONS ON US-SOVIET DETENTE AND FOR HIS PLEDGE TO SEEK EARLY ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH PEKING. ON ONE AGENDA ITEM -- CHINA'S PARTICIPATION IN US-SOVIET TALKS ON ARMS CONTROL

AND LIMITING NUCLEAR WEAPONS -- JACKSON "IS UNLIKELY TO MAKE MUCH HEADWAY," BECAUSE PRC REMAINS VIGOROUSLY OPPOSED TO CURRENT BIG-POWER ARMS TALKS (CSM).

10. IDENTIFYING JACKSON AS ANTI-SOVIET SENATOR WHO OPPOSES IMPROVEMENT IN TRADE RELATIONS BETWEEN US AND USSR, TASS ASSAILS JACKSON'S CHINA VISIT AS ATTEMPT TO WRECK SOVIET-US DETENTE (WP).

11. REUTER'S SHARP, IN PEKING, REPORTS (JULY 3) THAT OVER HALF PROTEST WALL POSTERS DISPLAYED IN CAPITAL'S ETERNAL REVOLUTION STREET WERE TORN DOWN OVERNIGHT. IN THEIR PLACE ARE MESSAGES DAUBED IN BLACK PAINT ACCUSING "HANDFUL OF CAPITALIST-ROADERS" IN MUNICIPAL COUNCIL OF BEING RESPONSIBLE FOR REMOVING POSTERS. MOST OF THOSE THAT DISAPPEARED WERE AIRING INDIVIDUAL GRIEVANCES, INCLUDING ALLEGATIONS OF OFFICIAL CORRUPTION; THOSE REMAINING INCLUDE ORIGINAL SET PASTED UP NEARLY UNCLASSIFIED

PAGE 05 STATE 144988

THREE WEEKS AGO, SIGNED BY SIX WORKERS WHO CRITICIZED PEKING CITY LEADERSHIP FOR TAKING NEGATIVE ATTITUDE TOWARDS ANTI-LIN/CONFUCIUS POLITICAL DRIVE.

OBSERVERS SAID IT WAS PROBABLE THAT PEKING AUTHORITIES WERE RESPONSIBLE FOR REMOVING POSTERS, POSSIBLY BECAUSE THEY REGARDED ALLEGATIONS THEY CONTAINED AS TOO INFLAMMATORY. PAINTED MESSAGES DENOUNCING THEIR REMOVAL ARE HEADED WITH TWO CHINESE CHARACTERS FOR "PROTEST," AND ARE SIGNED BY "GOLDEN MONKEY" -- WHO SAID HE IS BEING DETAINED ILLEGALLY IN HIS PEKING FACTORY. HOWEVER, IN ANOTHER AREA OF PEKING WHERE WALL POSTERS HAVE APPEARED IN RECENT WEEKS, TWO NEW ONES APPEARED WEDNESDAY, PASTED ON OUTSIDE WALLS OF LARGE COMPOUND BELIEVED TO CONTAIN HQS OF PLA POLITICAL WING. BOTH WERE ADDRESSED TO GENERAL POLITICAL DEPT., ONE CLAIMING ANTI-LIN/CONFUCIUS CAMPAIGN DEVELOPING TOO SLOWLY IN AIR FORCE AND THAT LEADING OFFICIALS WHO HAD MADE MISTAKES IN PAST HAD FAILED TO RECTIFY FAULTS. SHARP REPORTS OBSERVERS SAYING IT IS TOO EARLY TO DETERMINE WHETHER POSTERS' REMOVAL SIGNALS APPROACHING END OF PEKING POSTER CAMPAIGN.

12. ACCORDING TO USDA OFFICIALS, SHIPMENTS OF US WHEAT TO CHINA -- STALLED FOR FOUR MONTHS OVER QUALITY DISPUTE -- MAY RESUME WITHIN NEXT WEEK. THEY SAY AT LEAST TWO US EXPORTERS ARE READY TO START LOADING WHEAT FOR CHINA ONTO VESSELS AT GULF PORTS, UNDER NEW, MUCH MORE CRITICAL INSPECTION SYSTEM FOR TCK SMUT (REUTER 7/2).

13. AT CARACAS LOS TALKS, PRC ACCUSED US ANSEUSSR TUESDAY

OF TRYING TO MONOPOLIZE AND PLUNDER WORLD'S SEAS,
AND PLEDGED VIGOROUS SUPPORT TO DEVELOPING NATIONS
SEEKING GREATER CONTROL OVER MARINE RESOURCES WITHIN
200 MILES OF COASTLINES. PRC DELEGATE CHARGED US
AND SOVIET WITH BUILDING NAVAL FORCES TO INTIMIDATE
OTHER COUNTRIES AND USING "POWERFUL FISHING FLEETS

AND SCIENTIFIC RESEARCH VESSELS FOR RABID PLUNDER
OF OTHER COUNTRIES' OFF-SHORE FISHERY AND SEA-BED
UNCLASSIFIED

PAGE 06 STATE 144988

RESOURCES." CHINA SAVED HEAVIEST BARBS FOR SOVIET
(REUTER NYDN, S-N 7/2; WP). AP SAYS SPEECH WAS
HARSHEST SINCE NATIONS BEGAN EXPRESSING THEIR VIEWS
IN OPENING ADDRESSES LAST WEEK (SUN).

14. REUTER'S LITTLEJOHNS, AT CARACAS, OBSERVED THAT AMB.
STEVENSON HAS NOT YET ADDRESSED CONFERENCE AND THAT
THERE WAS NO IMMEDIATE US REPLY TO PRC STATEMENT;
BUT "SPIRIT OF COMPROMISE AND HARMONY WHICH MANY
SPEAKERS HAVE URGED...SEEMS FRAGILE" (7/2).

JAPAN

15. FM OHIRA NOTIFIED US NAVY THAT NUCLEAR SUBS MAY VISIT
JAPANESE PORTS AT ANY TIME, LIFTING EARLIER REQUEST
FOR SUSPENSION DUE TO RADIATION FEARS (AP).

16. AFTER OAU PROTESTS AND THREATS OF SANCTIONS, MITI
OFFICIALS SAY JAPAN HAS TIGHTENED CONTROLS ON EXPORTS
TO SOUTH AFRICA AND MOZAMBIQUE TO PREVENT FLOW
OF GOODS TO RHODESIA, ADVISING EXPORTERS TO UTILIZE
SELF-RESTRAINT IN EFFORTS TO BLOCK SUSPECTED DELIVERIES
(JOC). MEANWHILE, JOC'S CULLISION REPORTS THAT
MITI PRELIMINARY REPORT SHOWS JAPANESE EXPORTS REACHED
RECORD LEVEL LAST MONTH, WITH STEEL AND CHEMICALS
LEADING GAINERS. 34 PER CENT OF RISE DUE TO PRICE
INCREASES.

17. IN ANOTHER ARTICLE, CULLISON REPORTS JAPANESE REFINER-
IES ARE WORRIED BY SUDDEN OVERSUPPLY OF CRUDE. SOME
MITI AUTHORITIES INTEND TO USE AS MEANS TO FORCE
INDUSTRY TO AGREE TO LAW REVISION TO ALLOW TRADING
HOUSES TO PLAY MAJOR ROLE IN DISTRIBUTION AND TO MERGE
EXISTING FIRMS INTO FEWER, MORE POWERFUL CONCERNS.

18. JAPANESE INTEREST IN PLANT INVESTMENT IN US AT HIGH
LEVEL, WITH PROBABLE SHARP RISE BY YEAR'S END OR EARLY
'75 (JOC).

19. JAPAN'S AIRCONDITIONER MANUFACTURERS REPORT UNEXPECTED
SALES BOOM, CREDITED TO CHANGING CONSUMER VIEW OF PRODUCT

UNCLASSIFIED

PAGE 07 STATE 144988

AS NECESSITY RATHER THAN LUXURY (CSM).

20. TOKAI AND KYOWA BANKS HAVE REACHED AGREEMENT WITH MORGAN GRENFELL AND CO. FOR NEW JOINT COMPANY IN LONDON, SPECIALIZING IN AIDING FUND-RAISING, UNDERWRITING BONDS, MERGER ADVICE, AND ADVICE ON SECURITIES TRANSACTIONS (JOC).

21. YOUNG MAN CLAIMING TO BE SOVIET SPY SEEKING ASYLUM IN WEST FOUND GUILTY OF ILLEGALLY ENTERING JAPAN. GIVEN SUSPENDED SENTENCE AND EXPECTED TO BE SENT TO CANADA AS HE REQUESTED (AFP, WP).

AUSTRALIA

22. AUSTRALIA PREPARING FOR AUSTERITY PROGRAM -- CONTRACTION OF ECONOMY, INCREASED UNEMPLOYMENT, HEAVIER TAXES, CREDIT FINANCE SHORTAGE. CURRENT 13 PERCENT INFLATION EXPECTED TO REACH 20 PERCENT BY YEAR'S END IF STEPS NOT TAKEN. DEP. PM CAIRNS SAYS NEW PROGRAM SHOULD BE SELECTIVE, HITTING "WELL TO DO, THE COMFORTABLE, AND THE RICH," THOSE WITH AN "EXCESS OF EXPENDABLE MONEY." WHITLAM SAYS DEFENSE, PUBLIC SPENDING WILL BE CUT, STATE TAXES WILL RISE, AND PRIVATE SECTOR SPENDING SHOULD BE RESTRAINED BY TIGHT MONEY (JOC).

23. AUSTRALIA'S COTTON CROP EXPECTED AT 122,000 BALES, DOWN 17,700 FROM LAST YEAR AND 70,000 FROM RECORD '72 YIELD (JOC).

24. AUSSIE SAILORS PREPARE NEW EFFORT TO DISLODGE AMERICA'S CUP FROM NY YACHT CLUB (NYDN).

AUSTRALIA/NEW ZEALAND

25. LOW BEEF PRICES SAID TO KEEP AUSTRALIA AND NZ FROM BRINGING MORE CATTLE TO MARKET. USDA INDICATES THAT IMPORT QUOTAS NOT NEEDED, DUE TO EXPECTED ELEVEN PERCENT DROP IN IMPORTS (CSM, WASH S-N 7/2).

NEW ZEALAND

UNCLASSIFIED

PAGE 08 STATE 144988

26. THOUSANDS OF WORKERS WALK OFF JOBS TO PROTEST ARREST OF TRADE UNION LEADER CHARGED WITH VIOLATING COURT INJUNCTION (WP).

KOREA

27. SK PATROL BOAT SINKS THREE-TON VESSEL THOUGHT TO BE NK SPY BOAT AFTER CHASE OFF PUSAN. INCIDENT FOLLOWED LAST WEEK'S SINKING OF SK PATROL BOAT, CLAIMED TO BE SPYING, BY NK PATROL BOATS (REUTER SEOUL). THIS CHARGE DENIED BY UN COMMAND. SHIP SAID TO BE IN INTERNATIONAL WATERS TRYING TO BRING BACK SK FISHING BOATS THAT MAY HAVE STRAYED INTO NK WATERS (UPI, WASH S-N 7/2).

THAILAND

28. KIDNAPPED DAUGHTER OF AMERICAN MAN AND THAI WIFE RETURNED AFTER PAYMENT OF RANSOM (AP NYDN, WP, NY POST 7/2).

29. RTG ANNOUNCES AIR CHIEF MARSHAL DAWEE, OUSTED FORMER DEFENSE MINISTER, WILL RETIRE FROM AIR FORCE OCT , - (AP, NYDN).

30. DIAMOND SHAMROCK CORP AND THAI GOVT DISCUSSING PLANS FOR CONSTRUCTION OF SODA ASH COMPLEX THERE. WOULD MAKE SIGNIFICANT CONTRIBUTION TO DEVELOPMENT OF NORTHERN THAILAND (JOC).

PHILIPPINES

31. TROPICAL STORM GILDA EXPECTED TO HIT PHILIPPINES, THE FOURTH THIS YEAR (UPI, BALT N-A 7/2).

INDONESIA

32. N.L. INDUSTRIES, INC. ANNOUNCES JOINT (49-51) VENTURE WITH INDONESIA INTERNATIONAL TO PRODUCE OIL-WELL DRILLING FLUID COMPOUNDS (NYT).

UNCLASSIFIED

PAGE 09 STATE 144988

GENERAL

33. CSM'S DILLIN REPORTS THAT LESTER R. BROWN OF ODC WARNS OF IMPENDING FOOD CRISIS IN ASIA, WITH POSSIBLE 50 MILLION METRIC TON DEFICIT. FERTILIZER SHORTAGES ARE AGGRAVATING EXISTING PROBLEMS DUE TO OIL EMBARGO AND STEADILY INCREASING POPULATION. PROBLEM COULD BE FURTHER COMPOUNDED SHOULD SOVIETS DECIDE ON MORE MASSIVE GRAIN PURCHASES. NATIONS NEEDING LARGE IMPORTS WILL BE PRC, SVN, INDONESIA, AND SK. AND CAMBODIAN RICE PRODUCTION HAS "GONE TO POT" US OFFICIALS SAY, SINCE INTENSIFICATION OF THE WAR. POPULATION CONTROL AT ROOT OF PROBLEM, AND ONLY PRC AND SINGAPORE HAVE ACHIEVED OUTSTANDING

SUCCESS. LIMITED SUCCESS RECORDED IN SK, TAIWAN,
AND HONG KONG.

COMMENT AND ANALYSIS

INDOCHINA

34. BELATEDLY, BUT INFORMATIVELY, S-N (7/2) REPORTS IN
DETAIL NATIONAL NEWS COUNCIL CRITICISM OF NYT NEWS SERVICE
HANDLING OF NAS REPORT ON EFFECTS OF HERBICIDES IN
VN. COUNCIL FOUND THAT ORIGINAL NYT ARTICLE FEB. 22
(OF WHICH S-N USED BRIEF VERSION) RELIED HEAVILY ON
INFO OBTAINED FROM THOSE WHO DISAGREED IN PART WITH
MAJORITY CONCLUSIONS. WHEN REPORT ITSELF RELEASED,
NYT FAILED TO DISCLOSE ANY DIFFERENCES BETWEEN ITS
ARTICLE AND OFFICIAL VERSION, OR TO PRINT A LETTER BY
NAS COMMITTEE CHAIRMAN LANG PROTESTING INACCURACIES.
ONLY TWO MONTHS LATER DID NYT PRINT ANOTHER ARTICLE ON
REPORT, FOR FIRST TIME INDICATING MORE FULLY WHAT IT
WAS ABOUT, BUT "STILL WITHOUT ANY SUGGESTION THAT THE
ORIGINAL ARTICLE WAS INCOMPLETE", THE COUNCIL FOUND.

CHINA

35. FROM HONG KONG, SUN'S ED WU CITES JULY 1 PEOPLE'S
DAILY EDITORIAL AS INDICATING THAT RECENT UPSURGE
OF WALL POSTERS IS NOT AIMED AT DISLOCATING CERTAIN
UNCLASSIFIED

PAGE 10 STATE 144988

PARTY ORGANIZATIONS AND LEADERS BUT AT STRENGTHENING
THEM TO LEAD MASSES, AND DEEPENING ANTI-LIN/CONFUCIUS
CAMPAIGN. NOTES PD SAYING IT IS ESSENTIAL TO SUPPORT
PROLETARIAN REVOLUTIONARY SPIRIT OF MASSES AND WELCOME
THEIR CRITICISM AND SUPERVISION. WU CONSIDERS THIS
A SIGNAL THAT WALL POSTERS CRITICIZING OR SUPPORTING
CERTAIN PARTY ORGANIZATIONS AND LEADERS WILL NOT BE
RESTRICTED, WHETHER CRITICAL VIEWS ARE RIGHT OR WRONG.
RECALLS THAT IN EARLIER PHASE OF CAMPAIGN, SOME
PROVINCIAL AND LOCAL OFFICIALS APPEARED TO HAVE MIS-
INTERPRETED PEKING DIRECTIVE TO CONDUCT THE CAMPAIGN
IN A CONTROLLED WAY BY PUTTING TOO MUCH STRESS ON
RESTRAINTS, CAUSING DISCONTENT AMONG SOME SECTIONS
OF MASSES.

PD COMMENT IS SEEN AS A REASSURANCE TO WAVERING OFFICIALS
WHO FEAR THAT CRITICISM MAY LET THE SITUATION GET OUT
OF CONTROL, ACCORDING WU. WHILE EMPHASIZING THAT ONE
SHOULD HAVE FAITH IN THE MASSES, PAPER WARNED AGAINST
CHAOS BY REITERATING THAT ANTI-LIN/CONFUCIUS CAMPAIGN
MUST BE CONDUCTED UNDER CENTRAL LEADERSHIP OF PARTY
COMMITTEES. CITES PD SAYING, "OF THE PARTY, THE
GOVERNMENT, THE ARMY, THE MASS ORGANIZATIONS AND THE

CULTURAL AND EDUCATIONAL INSTITUTIONS, WHETHER IN THE EAST, WEST, SOUTH, NORTH OR CENTER OF OUR COUNTRY, IT IS THE PARTY THAT EXERCISES LEADERSHIP IN EVERYTHING." WU COMMENTS THAT THIS IS CLEAREST INDICATION THAT TOP LEADERSHIP IS DETERMINED TO PREVENT REVIVAL OF FACTIONAL STRIFE.

36. MARQUIS CHILDS (SUN) EXPRESSES VIEW THAT WHATEVER MAY COME OUT OF MOSCOW SUMMIT, CHANCES ARE ABOUT 99.9 PERCENT THAT SENATOR JACKSON WILL TRY TO SHOOT IT DOWN. GIVEN PRESENT MOOD OF DISTRUST, WATERGATEISM, ISOLATIONISM, AND GENERAL DISILLUSION, CHANCES ARE NEARLY AS GOOD THAT HE WILL SUCCEED. WITH EYES ON 1976 AND PRESIDENCY, JACKSON IS SPENDING CONGRESSIONAL RECESS IN PEKING ACCOMPANIED BY PROFESSORIAL CHINA-WATCHERS. HIS CONVICTION THAT RUSSIANS ARE DECEIVERS BENT ON DOING IN THE US AND CHINA AT ONE AND THE SAME TIME WILL BE CHEERFULLY UNDERWRITTEN BY HIS HOSTS, SAYS CHILDS.
UNCLASSIFIED

PAGE 11 STATE 144988

37. IN CONTEXT OF IDEOLOGICAL PRONOUNCEMENTS AND EXHORTATIONS FROM CHINESE PRESS, WALL POSTERS AND REPORTS OF FACTIONAL FIGHTING, NYT'S LELYVELD IN HONG KONG CAUTIONS AGAINST DRAWING UNWARRANTED CONCLUSIONS ABOUT PRC DEVELOPMENTS. SAYS, FOR EXAMPLE, IF "NEWS" ON WALL POSTERS OCCASIONS SURPRISE, THAT PROBABLY TELLS MORE ABOUT FOREIGN PERCEPTIONS THAN CHINESE REALITIES. ONLY SEVEN YEARS AGO, AT THE HEIGHT OF GPCR, FOREIGNERS LEANED TO NOTION THAT GREAT CHINESE MONOLITH - AS THEY PERCEIVED IT - WAS ON THE VERGE OF DISSOLVING INTO ANARCHY OR CIVIL WAR. THEN NUMEROUS SCHOLARS AND JOURNALISTS WERE INVITED IN FOR GUIDED TOURS, AND STILL ANOTHER VISION ACHIEVED WIDE CURRENCY: A CHINA OF ALMOST UNNATURAL MORAL FERVOR AND HARMONY. NOW, WITH INTENSIFIED DAILY REVIVAL OF GPCR THEMES, NEWS AGENCIES' REPORTS ARE AGAIN TELLING OF "EXPLOSIVE" SITUATION IN "STRIFE-TORN" PROVINCES THAT FEW OUTSIDERS MANAGE TO VISIT. PATENTLY, CHINA IS BIG ENOUGH TO CONTAIN BOTH "TOGETHERNESS" AND STRIFE; BUT FOREIGN PERCEPTIONS AGAIN SEEM OUT OF PHASE, WHATEVER THE MIX REALLY IS AT PRESENT. OBSERVES THAT POSTERS TELLING OF VIOLENCE, MISCONDUCT AND OFFICIAL ABUSE IN THEMSELVES ADD UP TO A LEVEL OF DISORDER THAT IS STILL QUITE ORDERLY WHEN COMPARED WITH THE DAY-TO-DAY TUMULT THAT PASSES FOR ORDINARY LIFE IN MOST OTHER PLACES.

LELYVELD RECALLS NEW PARTY CONSTITUTION ADOPTED LAST AUGUST DECLARING THAT "REVOLUTIONS LIKE THIS (GPCR) WILL HAVE TO BE CARRIED OUT MANY TIMES IN THE FUTURE," AND STATEMENTS BY MAO AND PARTY JOURNALS ATTEMPTING TO ESTABLISH MODALITIES OF REVOLUTION. SAYS THE ATTEMPT

IS TO REPEAT THE GPCR AS A FORM OF INSTITUTIONALIZED CLASS CONFLICT WITHOUT REPEATING ITS EXCESSES OR MISTAKES.

JAPAN

38. LAT'S SOBLE (JULY 1) CITES REPORT PREPARED BY MANAGEMENT CONSULTING FIRM FOR HOME TITLES AND MORTGAGES UNCLASSIFIED

PAGE 12 STATE 144988

INSURANCE FIRM THAT JAPANESE INVASION OF CALIFORNIA REAL ESTATE IS MORE MYTH THAN FACT. REPORTS SAYS THAT ALTHOUGH JAPANESE INVESTMENT HAS INCREASED DRAMATICALLY, IT IS STILL INSIGNIFICANT COMPARED TO TOTAL REAL ESTATE TRANSACTIONS IN CALIFORNIA. EASY ACCESS TO US INVESTMENT MARKETS AND LAND "BARGAINS" AVAILABLE IN US IN COMPARISON TO SKYROCKETING LAND VALUES IN JAPAN SAID TO INFLUENCE JAPANESE INVESTOR DECISION TO PUT MONEY IN US. WHILE FIRM FIGURES NOT AVAILABLE FOR 1973, STUDY SAYS THAT CUMULATIVE JAPANESE REAL ESTATE INVESTMENT IN CALIFORNIA BY END OF LAST YEAR DID NOT EXCEED 100 MILLION DOLS AND PROBABLY WAS IN 75-80 MILLION AREA - SLIGHTLY MORE THAN ONE-HALF OF 1 PERCENT OF ALL REAL ESTATE TRANSACTIONS IN STATE.

STUDY SHOWS THAT TWO-THIRDS OF PROPERTY INVESTMENTS ARE IN MANUFACTURING AND THAT JAPANESE PREFER TO LEASE BUILDINGS AND LAND RATHER THAN PURCHASE OUTRIGHT. JAPANESE INVESTMENT IN HOTELS, PROPERTY FOR DEVELOPMENT AND FOR LEISURE ACTIVITIES IS SMALL BUT GROWING.

39. REUTER'S MACKENZIE (LAT JULY 1) IN TOKYO REPORTS JAPANESE COMPANIES CALLING FOR POLICE TO DEAL WITH SPECIAL BRAND OF EXTORTIONIST, WHO THREATENS TO DISRUPT ANNUAL STOCKHOLDERS' MEETINGS UNLESS PAID OFF. THIS IS TURNAROUND FROM PAST YEARS, WHEN BIG FIRMS WERE QUITE PREPARED TO USE "SOKAIYA" AS STRONG-ARM MEN TO KEEP DISSIDENT SHAREHOLDERS QUIET DURING MEETINGS. BUT SERIES OF COMMERCIAL SCANDALS AND PUBLIC CRITICISM OF MAJOR FIRMS DURING OIL CRISIS HAVE MADE COMPANIES INCREASINGLY CONCERNED ABOUT THEIR PUBLIC IMAGES. IN 1972, LEFT-WING PROTESTERS EACH BOUGHT ONE SHARE IN MITSUBISHI HEAVY INDUSTRIES IN PROTEST AGAINST COMPANY'S ALLEGED INVOLVEMENT IN REVIVAL OF MILITARY-INDUSTRIAL COMPLEX. SHAREHOLDERS' MEETING WAS TELEVISED AND VIEWERS SAW SOME PROTESTERS BEATEN UP AND EJECTED BY ALLEGED SOKAIYA.

AUSTRALIA

UNCLASSIFIED

PAGE 13 STATE 144988

40. LAT'S LAMB (JULY 2) IN NORTHERN QUEENSLAND SEES "RINGERS" - LIKE AMERICAN COWBOYS - SURRENDERING THEIR HERITAGE TO HISTORY, GIVING WAY TO UNIONIZED LABOR EARNING DOUBLE TIME AFTER 46-HOUR WORK WEEK, COPTERED ROUNDUPS. OBSERVES CATTLEMEN HAVING ROUGH TIME. IN ADDITION TO RISING LABOR COSTS AND INDUSTRIAL UNREST, CATTLEMEN RECEIVING ABOUT 19 CENTS/POUND NOW - 33 CENTS LESS THAN IN MARCH 1973; CONSEQUENTLY, MANY OF NATION'S 31 MILLION HEAD OF CATTLE WHICH NORMALLY WOULD BE HEADED FOR JAPAN AND US ARE BEING HELD BACK. MOREOVER, WITH UNCERTAINTY OF ITS ECONOMY AND STRONG FARMERS' LOBBY TO BE CONSIDERED IN JULY ELECTION, JAPAN BANNED BEEF IMPORTS AND HAS NOT ANNOUNCED NEW QUOTA. US IMPORTS 9 PERCENT OF BEEF IT CONSUMES; OF THIS, 50 PERCENT OR 320,000 TONS ANNUALLY COMES FROM AUSTRALIA. BUT WITH OVERSUPPLY AND HIGH PRICES RESHAPING US MARKET, WASHINGTON HAS MADE NOISES ABOUT REIMPOSING IMPORT QUOTA IT LIFTED LAST YEAR. USDA DEPUTY SEC BELL VISITED AUSTRALIA LAST WEEK AND LEFT LOCAL GOVT. AND INDUSTRY OFFICIALS WITH CLEAR MESSAGE: VOLUNTARILY CUT YOUR EXPORTS, OR QUOTA WILL BE REESTABLISHED.

NOTE TO ADDRESSEES: WE HAVE DISCOVERED THAT LINE WAS INADVERTENTLY DROPPED FROM TELEGRAPH VERSION OF JULY 1 PRESS SUMMARY, CHANGING MEANING. FINAL TWO SENTENCES PARA 21 SHOULD READ: "AMERICANS, ACCORDING TO LOCAL LEGEND, SAY BLITHELY WHEN ASKED WHAT PRICE THEY WANT TO PAY, "OH, ABOUT 50 YUAN A HEAD." FOREIGNERS ARE SERVED IN SEPARATE ROOMS UPSTAIRS WHERE, WITH A BIT OF LUCK, DECOR WILL BE "QUITE STUNNINGLY AWFUL." SISCO

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